

on municipal utility districts by Chapter 54 of the Water Code. In addition, the bill would have permitted the district to divide into two or more new districts if it had no outstanding bond debt and was not levying a property tax. (Fresh-water supply districts are allowed to divide in this manner under Chapter 53 of the Water Code.) Interim directors were named pending a confirmation election.

GOVERNOR'S  
REASONS  
FOR VETO:

The Governor said the bill granted special and unusual powers to the Sunnyvale Municipal Utility District No. 1, separating it from other applicants, by authorizing the district to divide into two or more districts prior to issuing bonds and levying a property tax. He noted that a utility district can be created either by the Water Commission through a hearings process or by the Legislature through the legislative process. In either case, standard procedures are applied to all applicants, with no special advantage given to any applicant. He said these procedures were necessary "to insure a sound legal and financial policy for all parties concerned, including the state." He objected to SB 1225 because he said it would have granted the Sunnyvale MUD No. 1 a privilege not available to other utility districts.

SPONSOR'S  
VIEW:

Sen. Leedom said that the bill was not much different from others dealing with such districts. He said it was necessary to provide water to a growing area, would not have set any precedents, and would have promoted local control and local financing of development. Sen. Leedom said if the Governor's office had expressed reservations about the bill earlier, they could have been corrected in the course of the legislative process.

NOTES: SB 1225 is the companion measure to HB 2377, which was also vetoed by the Governor.

Certification of electric utilities  
(SB 1247 by Leedom)

DIGEST: The bill would have permitted the Public Utility Commission (PUC) in certain instances to bypass sec. 55(d) of the Public Utility Regulatory Act, which requires the PUC to certify only one electric utility to serve specified areas within a city of more than

135,000, located in a county of more than 1.5 million, where a municipal corporation offers retail electric-utility service (i.e., Garland, in Dallas County). The PUC could have ignored the single-certification provision and granted a certificate to more than one utility in areas for which more than two utilities had previously been certified to provide service. The PUC could also have allowed more than one utility to serve an area when granting certification to serve the area for the first time.

GOVERNOR'S  
REASONS  
FOR VETO:

The Governor said the bill would have unduly restricted the PUC's discretionary authority to decide on the certification of areas to be served by an electric utility. It would set a bad precedent by interfering with the regulatory authority the Legislature has given to the PUC, he said.

SPONSOR'S  
VIEW:

Sen. Leedom said that this bill, as amended by the House, was a permissive bill that would not have interfered with the ability of the PUC to make decisions concerning certification. As introduced, he said, it would have forced the PUC to meet the needs of the people of Garland by following the legislative intent of sec. 55(d), which was to require the PUC to certify Garland Power and Light (the municipally owned utility) to serve previously unserved areas of the city. "This is a local issue," said Sen. Leedom. "We were trying to rectify an injustice without having to go through the courts and wasting the taxpayers' money. The Governor's insensitivity to Garland's situation is evident. He was just responding to political pressure from a greedy co-op," he said.

NOTES:

At present, two utilities--Garland Power and Light and Texas Power and Light--have certificates from the PUC to serve the entire city of Garland. In addition, Farmer's Electric Cooperative is certified to serve a small area in the northern part of the city. In carrying out the legislative mandate of sec. 55 (d) to singly certify the entire city, the PUC staff recommended that the service area of Farmer's Electric Cooperative be expanded.

The House Study Group analysis of SB 1247 appeared in the May 24 Daily Floor Report.